

extra cost of importations in drums as compared with bulk importations, as represented by the records of one of the major companies :—

Cost per Imperial Gallon.	Independent Importer.	Oil Company (Bulk).	Difference.
	d.	d.	d.
Cost of drums .. .. .	2.03	Nil	—2.03
Freight at 42s. per ton (average) .. .. .	3.36	1.675	—1.685
Marine insurance.. .. .	0.03	0.039	+0.009
Leakage .. .. .	0.032	0.075	+0.043
Wharfage (Wellington as basis) .. .. .	0.400	0.168	—0.232
Totals .. .. .	5.852	1.957	—3.895

#### TREND OF OVERSEAS SELLING-PRICES.

Published reports of overseas oil-producing companies show that, while the total production of crude oil for 1930 was well below that of 1929, prices fell considerably below the 1929 level and continue to decline steadily. This position is attributed, in a large measure, to the abnormal disparity between production and consumption of petroleum products. Gulf export prices for 375 end-point grade (averaged on prices published on the first of each month) in 1922 was 24.5d. per gallon. In 1926 the price had fallen to 16.5d.; 1928, to 13d.; and in 1929, to 6d. In January, 1930, the price was 6d., and dropped to 3.75d. in December; and further declines continued in 1931, the price in February being 3.6d., and at July the price had reached the low level of 2.05d. It is stated that the present prices of refined motor-spirit are even less than prices of crude oil.

First-grade motor-spirit imported in cases containing two 4-gallon tins (bought principally by independent importers) has declined from 1s. 3.19d. (December, 1929) to 11.25d. (June, 1931) per imperial gallon, c.i.f. main ports, New Zealand. The price of similar quality motor-spirit imported in drums containing approximately 44 imperial gallons has also fallen from 1s. 1.27d. to 9.41d. over the same period.

The Department received a cable from London on the 13th August, 1931, advising that the landed cost of motor-spirit in England was 2½d. per imperial gallon. On the 18th August a cable received from the Trade Commissioner at Toronto stated that the market quotation for 400 end-point (which is equal to the second-grade spirit commonly used in New Zealand) was 3½ to 4¼ cents per american gallon, f.o.b. tanker, Pacific Coast, or, expressed in British currency, 2.1d. to 2.5d. per imperial gallon.

#### WHOLESALE PRICE TO RESELLERS IN NEW ZEALAND.

The selling-prices of oil companies to resellers were reduced on the 10th August, 1931, by 1d. per gallon in both first and second grades, prices from that date being 1s. 9d. first grade and 1s. 8d. second grade in the main centres.

These prices are subject to 1d. per gallon cash discount for motor-spirit purchased from the 1st to the 15th of each month if paid by the end of that month. Purchases from the 16th to the end of the month are allowed 1d. per gallon discount if paid by the 15th of following month. A rebate of ½d. per gallon is also allowed on each gallon over 800 gallons sold through any pump for any one month, and in cases where the pump is privately owned a rebate of ½d. per gallon on all motor-spirit sold is allowed.

Owing to the present acute competition, brought about to a large extent by the excessive number of pumps, the reduced demand, and the many brands of motor-spirit on the market, it is doubtful whether the rebate of ½d. per gallon for quantities over 800 gallons is secured by many retailers.

Under these conditions the margin at present generally available between the wholesale price to retailers and the price to the public is not considered excessive. The necessity for this margin, however, is materially affected by quantities handled. The present nominal margin between wholesale and retail prices is, in the main centres, approximately 3d. per gallon.

#### COST AND SELLING PRICES, UNITED KINGDOM.

The following cable was received from the High Commissioner on the 13th August, 1931 :—

“ Advertised petrol prices in England, Wales, and south Scotland: Retail—No. 1, motoring grade, 1s. 2½d.; No. 3, commercial grade, 1s. 0½d. Wholesale, 1s. 1½d. and 11½d. per imperial gallon. Other parts of country slightly higher. Business done, however, with largest consumers at contract rates below these figures. Present landed cost about 2½d.; distributing cost, from 2d. to 3d. (these particulars are unofficial); duty, 6d. per gallon.”

Confirming this cable, the Department is informed that the landed cost of 2.5d. refers to the commercial grade of motor-spirit.

On the basis of this cable the following calculation is submitted :—

					Commercial Grade.	
					Per Gallon.	
					d.	
Landed cost	..	..	..	..	..	2.5
Customs duty	..	..	..	..	..	6.0
Distribution cost	..	..	..	..	..	2.5
					<hr/>	
					11.0	